



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN D. CHERRY, JR.
LT. GOVERNOR

ALTERNATIVE ENERGY DEVELOPMENT

Increasing Demand, Promoting Technology, Creating Jobs

When Governor Granholm unveiled her comprehensive economic plan, she identified four key areas that have become the state's focus for diversifying and growing the state's economy. One of those key areas is alternative energy.

Over the next three years, the Governor is proposing to focus state resources around growing our alternative and renewable energy to create jobs and diversify the economy. To do this, we will take existing state resources and tools and tailor them toward alternative and renewable energy.

Already our efforts are paying off. Companies like United Solar Ovonic, Tellurex, and Diversified Natural Products are choosing Michigan as a place to locate and expand. In the first round of the 21st Century Jobs Fund competition last year, 15 awards went to organizations commercializing or supporting alternative energy technologies.

As the cost of traditional energy grows, the world will continue to demand new solutions to our energy needs. We must have a plan that diversifies our sources of energy and develops solutions that maintain our quality of life. Our plan will position Michigan to be the state that feeds the world's demand.

We have many of the tools and the institutions already. Our universities are doing the cutting-edge research and development of these new technologies powered by the bioeconomy and Michigan ingenuity. Our partners, including NextEnergy and our Smart Zones, are incubating new technologies every day.

To take our investment and focus to the next level, Governor Granholm is proposing to invest more than \$100 million over the next three years to increase demand, expand production, and encourage research and development of new technologies in Michigan.

We will do this by leveraging public-private partnerships for investment, focusing our financial resources around support of research, development and commercialization of alternative energy technologies, investing in our infrastructure for alternative fuels, and expanding access to affordable debt financing for alternative and renewable energy projects. We will also put policies and tools into place to help drive the demand for these technologies and encourage companies to locate their businesses in Michigan.

The key parts of the Governor's plan include:

- ***Increase the Amount of Venture Capital by Leveraging Private Investment through a Public-Private Partnership with NextEnergy and Nth Power***

The Venture Michigan Fund and the 21st Century Investment Fund have already committed to invest up to \$20 million in Nth Power, a leading national alternative energy venture capital firm who, in partnership with NextEnergy, will open an office in Michigan.

- ***Investing in Alternative Energy Infrastructure Projects***

The state will offer additional grants of \$5,000-\$10,000 for installation of bio-fuel pumps. This funding will help leverage construction to meet the Governor's goal of 1,000 biofuel pumps in Michigan by the end of 2008. We will also continue to target federal sources of funding for putting more pumps in the ground.

- ***Targeting a Portion of the 21st Century Jobs Fund Over the Next Three Years for Alternative Energy Research, Development and Commercialization***

The Granholm administration will target \$50 million of the 21st Century Fund to the research, development, and commercialization of alternative and renewable energy projects in the state. This targeted funding will enable qualified alternative energy companies and projects access to critical funding without having to compete with life science, hometown security, or advanced automotive manufacturing projects. The funding in this chain will be targeted at our existing strengths – automotive R&D, agriculture, our engineering and workforce base, and the alternative energy technologies already growing and thriving here.

- ***Expanding Access to Debt Financing for Alternative Energy Projects***

To encourage alternative energy infrastructure and expansion, the Granholm administration will dedicate additional funding to provide debt financing assistance to companies looking to grow. The state will work with Michigan's financial institutions to help underwrite the interest costs of money borrowed to finance alternative energy projects.

- ***Driving Demand for Renewable Energy by Requiring Michigan Have a Renewable Portfolio Standard***

Governor Granholm has asked the Legislature to mandate that in the next eight years, at least 10 percent of Michigan's electricity come from renewable energy sources. Additionally, she has asked that they set a goal to double that amount by 2025. By setting high expectations for energy providers in Michigan, we are not only increasing supply, but also creating additional demand for renewable energy. Additional demand creates jobs and opportunity for alternative energy development in Michigan.

- ***Expand the Alternative Energy Renaissance Zones to Include Manufacturers of Wind and Solar Technology***

Renaissance Zones have proven to be a powerful tool in attracting companies to Michigan. We should expand the definition of renewable and alternative energy Renaissance Zones so we can specifically attract the companies we are looking for.